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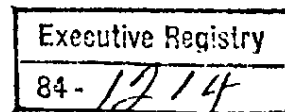
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OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220
March 16, 1984



UNCLASSIFIED
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MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
✓ DIRECTOR OF CENTRAL INTELLIGENCE
UNITED STATES TRADE REPRESENTATIVE
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY
AFFAIRS
ASSISTANT TO THE PRESIDENT & DEPUTY TO THE CHIEF
OF STAFF
ASSISTANT TO THE PRESIDENT FOR CABINET AFFAIRS
CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS
ASSISTANT TO THE PRESIDENT FOR POLICY DEVELOPMENT
ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

SUBJECT Senior Interdepartmental Group on
International Economic Policy

Attached are the minutes of the SIG-IEP meeting held on
February 2, 1984.

A handwritten signature in dark ink, appearing to read "Christopher Hicks".
Christopher Hicks
Executive Secretary and
Special Assistant to the Secretary

Attachment

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SENIOR INDERDEPARTMENTAL GROUP-INTERNATIONAL ECONOMIC POLICY

4:00 p.m.
February 2, 1984
Room 248, Old Executive Office Building

Attendees:

25X1

Treasury
Secretary Regan, Chairman
Beryl W. Sprinkel

CIA
Maurice Ernst

25X1

Office of the Vice President
Donald P. Gregg

USTR
Claud Gingrich

State
Richard McCormack
W. Allen Wallis
David Small

CEA
William Niskanen
Jeffrey Frankel

Defense
William Taft
Stephen Bryen

Cabinet Affairs
Larry Herbolsheimer

Justice
J. Michael Shepherd
Jay B. Stephens

OPD
Roger Porter

Agriculture
Richard E. Lyng
Alan Tracy

White House
Richard Darman

Commerce
Secretary Baldrige
Donald Eiss

NSC
Roger W. Robinson
David Wigg

OMB
Alton G. Keel

Abe Visit

Mr. Wallis opened the meeting by requesting a summary of the Abe visit. Mr. Gregg reviewed the itinerary of the visit, indicating that the Japanese came with the idea of achieving significant progress by March or April. Abe and Ambassador Brock signed an NTT research and development procurement agreement.

Regarding beef and citrus, beef is the bigger problem, with U.S. beef import restrictions supposedly a complicating factor in resolution of this issue.

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It was noted that Nakasone is expected to live up to his commitments regarding defense spending, and Japan will support U.S. positions on a variety of foreign policy issues. On balance, the Abe visit was believed useful.

Secretary Baldrige stated that the U.S. negotiating position vis-a-vis Japan was characterized by U.S. initial offers of movement on key issues, while the Japanese tend to wait to react to our offers. The flexibility appears to be one-sided (all U.S.).

It was stated that Treasury is working closely with the Japanese Ministry of Finance to move ahead on yen/dollar and financial markets issues. Early progress is deemed essential.

Secretary Baldrige stated that the Japanese have not yielded anything in bilateral discussions in the past three years. He expressed optimism for progress if the Administration remains united and committed.

State noted that progress is needed by April. Mr. Gregg stated that Nakasone does not want to be known for precipitating a deterioration in the U.S.-Japanese relationship and therefore is pushing hard for progress.

Regarding the extraterritoriality issue, it was noted that the UK was beginning to negotiate with U.S. agencies and that this approach may yield a pattern that will work.

There followed a discussion of the difficulties with the issue of extraterritoriality, and it was agreed that further study was necessary. Chairman Regan noted that although EAA legislative problems (timing) could be complicated by over-aggressive Administration efforts in this area, there is a time constraint for resolution, with the OECD Ministerial in May and the London Summit in June.

The Chairman asked the Executive Secretary to poll the Cabinet participants at the Under Secretary level to establish a working group to deal with this issue.

International Debt

Treasury reviewed the debt situation in key countries with particular concern regarding Argentina, the Philippines and Nigeria. The Argentines are taking a hard-line position with respect to further rescheduling discussion. Exchange rate arrangements are one of the key difficulties in IMF talks with Manila, and Nigeria is having difficulties agreeing to IMF-mandated monetary policies due to domestic political pressures.

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